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**MCNAIR LAW FIRM, P.A.**

ATTORNEYS AND COUNSELORS AT LAW

ROBERT T. BOCKMAN  
bbockman@mcnair.net

www.mcnair.net

BANK OF AMERICA TOWER  
1301 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201

POST OFFICE BOX 11390  
COLUMBIA, SOUTH CAROLINA 29211  
TELEPHONE (803) 799-9800  
FACSIMILE (803) 753-3219

March 27, 2006

The Honorable Charles L.A. Terreni  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211

RE: Application of Chem-Nuclear Systems, LLC, a Division of Duratek, Inc. (SCPSC  
Docket No. 2000-366-A) (FY 2005-2006 Proceeding)

Dear Mr. Terreni:

Please find enclosed the original and 10 copies of the Settlement Agreement by which the South Carolina Office of Regulatory Staff and Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., have resolved the principal issues between them with respect to this Docket. Please file the Settlement Agreement in accordance with the Commission's rules of practice and procedure.

Chem-Nuclear will summarize the terms of the Settlement Agreement in the testimony of Regan E. Voit, its President, during the hearing before the Commission on Wednesday, April 12, 2006.

By copy of this letter, I have provided a copy of the Settlement Agreement to all parties of record. Should you have any questions with respect to this matter, please do not hesitate to contact me.

Very truly yours,

  
Robert T. Bockman

Enclosure

cc: Mr. Dan F. Arnett (w/encl.)  
The Honorable Max K. Batavia (w/encl.)  
The Honorable Frank Fusco (w/encl.)  
The Honorable C. Earl Hunter, (w/encl.)  
The Honorable Henry D. McMaster (w/encl.)  
Benjamin P. Mustian, Esquire (w/encl.)  
Hana Pokorna-Williamson, Esquire (w/encl.)

*Original  
signature*

BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

Docket No. 2000-366-A

IN RE: Application of Chem-Nuclear Systems, )  
LLC, a Division of Duratek, Inc., for )  
Adjustment in the Levels of Allowable )  
Costs and for Identification of Allowable )  
Costs )  
\_\_\_\_\_ )

**SETTLEMENT  
AGREEMENT**

This Settlement Agreement is made by and between Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., ("Chem-Nuclear" or "Company") and the South Carolina Office of Regulatory Staff ("ORS"), with respect to the Application for Chem-Nuclear Systems, LLC – Fiscal Year 2005-2006 ("Application" or "Proceeding") pending before the South Carolina Public Service Commission ("the Commission") in SCPSC Docket No. 2000-366-A.

WHEREAS, Chem-Nuclear filed an Application, dated September 28, 2005, in this docket by which Chem-Nuclear requested the Commission to identify certain "allowable costs" for the Company's fiscal years 2004-05 and 2005-06, in accordance with the provisions of S.C. Code Ann. §§48-46-10 et seq. (1976), as amended, and with the Commission's rules and regulations; and

WHEREAS, ORS has conducted an audit of the allowable costs to be recovered identified in the Company's application; and

WHEREAS, Chem-Nuclear and the ORS believe that it is in their best interests and those of the State of South Carolina to resolve the differences between their respective positions concerning the issues relating to this Application in order to avoid the additional expense and effort which the litigation of their positions would occasion in this proceeding.

WHEREFORE, Chem-Nuclear and the ORS have agreed as follows:

1. Chem-Nuclear will accept the proposal of the ORS to adjust the Actual Costs of Fiscal Year 2004-2005, including adjustments to Irregular Costs of \$296, adjustments to Variable Costs of (\$148) and adjustments to Vault Costs of \$9,126, resulting in an overall adjustment of \$9,274.
2. ORS accepts the Fixed Costs per the Company's application.
3. ORS further accepts the calculation of projected costs for Fiscal Year 2005-2006 per

the Company's revised Exhibit C, included with its prefiled testimony.

4. Chem-Nuclear will prefile direct testimony and exhibits with the Commission in this Docket reflecting the terms of this Settlement Agreement and offer the exhibits as evidence in the Commission's hearing.

5. Chem-Nuclear and the ORS will acknowledge their concurrence with the terms of this Settlement Agreement in the presentation of the summaries of their direct testimony during the hearing before the Commission on April 21, 2006.

6. Upon execution of this Settlement Agreement, Chem-Nuclear will file an original of this Settlement Agreement with the Commission and serve a copy of it upon all parties of record in SCPSC Docket No. 2000-366-A.

IN WITNESS WHEREOF, Chem-Nuclear and the ORS have caused this Settlement Agreement to be signed and sealed this 14<sup>th</sup> day of March 2006 by their duly authorized representatives.

ATTEST:

Elizabeth A. Blitch

CHEM-NUCLEAR SYSTEMS, LLC,  
A DIVISION OF DURATEK, INC.

BY: Robert T. Beck

TITLE: Its Attorney

ATTEST:

[Signature]

THE SOUTH CAROLINA OFFICE OF  
REGULATORY STAFF

BY: [Signature]

TITLE: Staff Attorney

BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

Docket No. 2000-366-A

IN RE: Application of Chem-Nuclear Systems, )  
LLC, a Division of Duratek, Inc., for )  
Adjustment in the Levels of Allowable )  
Costs and for Identification of Allowable )  
Costs )  
\_\_\_\_\_ )

**CERTIFICATE  
OF SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the Settlement Agreement between Chem-Nuclear Systems, LLC and the Office of Regulatory Staff upon the following parties of record by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and addressed as follows:

Hana Pokorna-Williamson, Esquire  
Acting Consumer Advocate  
State of South Carolina  
Post Office Box 5757  
Columbia, South Carolina 29250-5757

The Honorable Henry Dargan McMaster  
Attorney General  
State of South Carolina  
Post Office Box 11549  
Columbia, South Carolina 29211

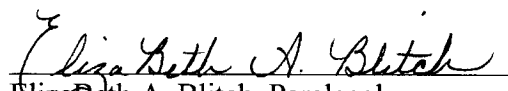
The Honorable Max K. Batavia  
Atlantic Compact Commission  
1201 Main Street  
Suite 826  
Columbia, South Carolina 29201

The Honorable Frank W. Fusco  
Executive Director  
South Carolina Budget and Control Board  
Post Office Box 12444  
Columbia, South Carolina 29211

Benjamin P. Mustian, Esquire  
General Counsel  
Office of Regulatory Staff  
Post Office Box 11263  
Columbia, South Carolina 29211

The Honorable C. Earl Hunter  
Commissioner  
SCDHEC  
2600 Bull Street  
Columbia, South Carolina 29201

Mr. Dan Arnett  
Office of Regulatory Staff  
PO Box 11263  
Columbia, SC 29211

  
ElizaBeth A. Blitch, Paralegal  
McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
Columbia, South Carolina 29211  
(803) 753-3319

March 27, 2006

Columbia, South Carolina